



SUMMER 2016

Welcome...

2016 is proving to be an exciting year for Corporación Dinant, both at home in Honduras and abroad.

I was honored to be invited to the 2016 Plenary Meeting of the Voluntary Principles Initiative in Bogotá, Colombia, for the annual global gathering of business, governments and NGOs committed to enhancing the safety and security of companies' operations. Dinant was the first company in Honduras – and probably the first throughout the global agribusiness sector – to adopt the Voluntary Principles on Security and Human Rights, an internationally accepted benchmark that governs how we vet, recruit and train our security men and women. I am delighted that Dinant's commitment to the Voluntary Principles and the benefits it brings to local communities is being recognized around the world, as well as at home.

Dinant was thrust upon the global stage again when Zambos and Zixx, our hugely successful snacks and soap brands, were chosen by President Juan Orlando to be part of a Government campaign to promote Honduran values, traditions and skills abroad.



Back home, our expanded community engagement program is bringing the company closer to our neighbors. At meetings around the country organized by our community liaison staff, we are listening to people who are directly impacted by our operations, discussing ideas, and – through our regional Community Grievance Mechanisms – finding practical ways to enable everyone to get along better. Crucially, we are recruiting more people from the immediate neighborhoods, providing sustainable well-paid jobs in areas where they are needed most.

Looking forward, thanks to the strength of our brands and the talents of our staff, we are planning a series of major investments totaling nearly \$20 million that will consolidate Dinant products' share of existing markets, enable us to launch exciting products in new markets, and demonstrate our ongoing commitment to the hard working people of Honduras.

There is much to be hopeful for in Honduras. I invite you to visit Dinant to see for yourself the results of the significant investments we are making in engaging with local communities, protecting the natural environment, modernizing our security, and expanding our business.

Miguel Mauricio Facusse, Executive President



Highlights...

Dinant continues to make significant investments in our staff, products, operations, local communities and the natural environment of Honduras.

- Dinant is expanding its **support for local Pech, Garifuna and Ladino ethnic communities** by constructing an additional facility to collect Corozo palm harvests.
- Our **Community Liaison Staff** have been in position for over six months now and are enabling us to enhance our existing local relationships and make new friends.
- Dinant's regional **Community Grievance Mechanisms**, designed in collaboration with local people, are helping to identify practical solutions to improve peoples' lives.
- Our ongoing program to implement the **Voluntary Principles on Security & Human Rights** has been extended to all company divisions in Honduras, including Sales & Distribution.
- The **Miguel Facusse Foundation**, set up in honor of our founder, is helping to fund and build an aqueduct that will carry fresh water to villagers in Zacate Grande in southern Honduras.
- Our hi-tech biogas recovery unit in Aguán has **reduced our use of fossil fuels by 6 million gallons** since 2008.
- Zambos, our iconic snack made in San Pedro Sula, and Zixx, our successful soap brands produced in Comayagua, have been selected to join a Government program to **promote Honduras around the world**.



About Dinant...

Dinant is a family owned consumer products manufacturer founded in Honduras in 1960. Our products are sold across Central America and the Dominican Republic, and exported to global markets. We employ 8,000 people, support 22,000 livelihoods and are supplied by over 2,500 independent producers. Dinant pays significant taxes and generates millions of US dollars in exports for the Honduran economy. And we contribute greatly to the health, education and employment of all our neighboring communities.

Since securing a \$15m loan from the IFC division of the World Bank in 2009, Dinant has invested significant time and resources in modernizing our security, enhancing the natural environment and engaging peacefully with local communities. The IFC's loan to Dinant was granted...

- To support our ongoing investment program to increase production capacity;
- To expand and upgrade our distribution network;
- To enhance the surrounding natural environment; and
- To expand economic opportunities for the poor, particularly in rural areas like the Aguán.

By all these measures, and more, the IFC's loan to Dinant has been a great success.

Part of the Community

With a greatly expanded social engagement program, we are building on our local relationships and reaching out to new communities. **Dinant is making an extra effort to listen to local communities, talk about our work, answer questions, and think hard about improvements we can make and other ways we can help neighborhoods in need.**

Our regional **Community Grievance Mechanisms** – established in collaboration with local people – are working well. Our Community Liaison Staff in Leán have resolved issues like community trash disposal, preventing dust in dry weather, and traffic control. In Comayagua, our Grievance Mechanism identified the need to construct an alleyway to provide the Palmerola community with improved access to other communities. And in Aguán, we addressed issues of property access and the smell of our homemade organic fertilizer. While we cannot solve every problem, we are confident that we have the relationships, staff and systems in place to **make a real difference to the lives of our neighbors.**

Our dedicated employees have supported local communities in many other ways. In Leán, we repaired a bridge and local roads to give residents better access to their properties; we gave work experience to students; we created a school garden; and we organized a football tournament for staff and residents. In San Pedro Sula, staff volunteers painted and repaired a school. In Aguán, we donated 100 gallons of fuel to the Trujillo Fire Brigade; helped residents discourage mosquitos by clearing their trash; and donated 2,500 plants to the "Plant Life" campaign. And in Comayagua, we conducted health and hygiene workshops for 450 community leaders.



We are increasing our **support for local Pech, Garífuna and Ladino ethnic communities** by constructing an additional facility to collect Corozo palm harvests. Dinant has helped to increase these communities' incomes by 70% in recent years and provided technical support to ensure sustainable supplies for the future. The project directly benefits more than 500 ethnic people, 80% of whom now have a commercial relationship with Dinant.

Dinant is now financing the employment of 12 school teachers in the Leán and Aguán valleys, **providing education to over 5,000 children** since 1997.

The Miguel Facusse Foundation is **helping to fund and build an aqueduct that will carry 20,000 gallons of drinking water to the people of Zacate Grande** in southern Honduras. Costing around US\$90,000, the project will directly benefit residents who currently have to walk several hours each day to collect clean water and carry it home in buckets.

Crucially, we are **recruiting more people from immediate neighborhoods**, such as the Panama Community, providing sustainable well-paid jobs where they are needed most.

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Protecting the Environment

Dinant planted its African Palm plantations on agricultural land that had been cleared by previous owners for cattle ranching and banana plantations, and so **no crucial habitat has ever been destroyed or negatively impacted as a result of our plantations**. However, in partnership with the IFC, we are developing an Environmental and Social Action Plan to raise our standards further.

We continue to **benchmark ourselves against stringent international standards for our African Palm Oil business** regarding its economic, environmental and social impact; the sustainability of our supplies; and our engagement with all local stakeholders.

We have produced 32,000 metric tons of homemade organic compost fertilizers over the last 3 years, enabling us to **reduce chemical fertilization in the Lean and Aguán by nearly 40%**.

The hi-tech biogas recovery unit at our extraction mill in Aguán – registered as a Clean Development Mechanism project by the United Nations – has generated 50 million m³ of biogas since 2008, **reducing our use of fossil fuels by 6 million gallons**.

Our extraction mills at Aguán and Leán now have zero discharge operations, with the **waste water used for ferti irrigation or the production of organic compost**. Our atmospheric emissions controls ensure that all boilers meet required environmental standards.

All Dinant facilities in Honduras continue to hold ISO 14001 & OHSAS 18001 status for their **high standards of environmental management and occupational health & safety**. Last year, our staff participated in 138,000 hours of environmental, safety and occupational health training.

Our Occupational and Health Management system was certified by ICONTEC in 2014 and operates under World

Bank EHS Guidelines. We have developed a strong health program with medical support for staff at all our facilities in Honduras.



But our environmental efforts go beyond our own business...

We **help over 2,500 local smallholder farmers** – an important part of our African Palm fruit supply – to increase productivity through ongoing technical assistance and by sharing our high-yield varieties.

Dinant **protects thousands of hectares of tropical rainforest** at three Wildlife Conservation Centers in Honduras where we manage breeding, rearing and release programs of endangered indigenous species.

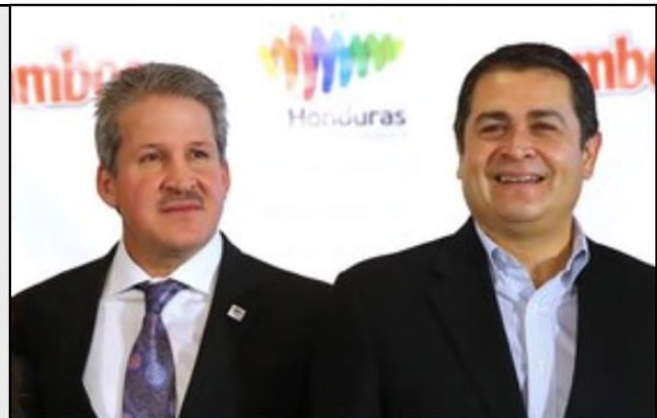
Improvements made to plantation drainage systems over the last two years **helped local residents cope with the prolonged rain and widespread flooding** that affected many parts of Honduras earlier this year.

No wonder that six of our initiatives were placed among the top environmental projects for Latin America in 2015 by PREMIOS LATINOAMERICA VERDE.

Promoting Honduras Abroad

We are delighted that Zambos, our iconic snack made in San Pedro Sula, and Zixx, our successful soap brands produced in Comayagua, have joined a Government program to **promote Honduran values and culture around the world**.

Zambos and Zixx are two of Dinant's homegrown success stories and are **made with raw materials sourced from local suppliers**. Their success is due to the hard work of hundreds of talented Hondurans over the years. From humble beginnings, our snacks and soap brands have grown enormously in popularity to become part of Honduran culture and heritage.



Miguel Mauricio Facusse, Executive President of Corporación Dinant, and President Juan Orlando Hernández

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Modernizing our Security

Dinant was the first company in Honduras – and the first throughout the global agribusiness sector of which we are aware – to adopt the **Voluntary Principles on Security & Human Rights**, an internationally accepted benchmark that governs how we vet, recruit and train our security men and women.

We were honored to be invited to the April 2016 Plenary Meeting of the Voluntary Principles Initiative in Bogotá, Colombia, for the annual global gathering of business, governments and NGOs committed to enhancing the safety and security of companies' operations.

From the feedback we received in Bogotá and the conversations we have on a daily basis with local people through our social engagement programs, we are confident that **Dinant's commitment to the Voluntary Principles is bringing real benefits to local communities.**

However, we know that there is more to do...

100% of Dinant security guards (employees and contractors) are regularly trained on the Voluntary Principles. We have **expanded VP training to all our divisions** in Honduras, including Sales & Distribution.

Dinant continues to **prohibit firearms** from being carried by security guards at our plantations, extraction mills and manufacturing plants – an initiative that is unprecedented in Central America.



Dinant's Ethics Standards, Security Policy, and Human Rights Policy are posted on our website and displayed prominently at all facilities. All security **contractors are required to accept and adopt Dinant's standards.**

We continue to participate in an approach being suggested by the Consensus Building Institute, under the supervision of the IFC, to **help find a peaceful and final solution to the Aguán region.**

Investing in our Talented Staff

Dinant is proud of its Honduran heritage. We are enhancing the lives of many people in our local communities by creating thousands of well-paid sustainable jobs with company pensions and compensation levels well above the national minimum wage, and by significantly improving skills, education and health.



We provide our employees and people from local communities with over 8,000 free medical consultations per year. All Dinant employees are free to join a registered labor union and participate in our very popular savings and loans cooperative.

In April, Dinant pledged to donate land to enable nearly 500 employees to join the President's CONVIVIENDA program and build high-quality affordable homes.

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